



City of Port Huron

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Port Huron, MI 48060

**Office of the Mayor**

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[www.porthuron.org](http://www.porthuron.org)

January 26, 2016

**Governor Rick Snyder**  
P.O. Box 30013  
Lansing, MI 48909

**The Honorable Kevin Cotter, Speaker**  
Michigan House of Representatives  
P.O. Box 30014  
Lansing, MI 48909-7514

**The Honorable Arlan Meekhof**  
Majority Leader, Michigan Senate  
P.O. Box 30036  
Lansing, MI 48909

**The Honorable Tim Greimel**  
Minority Leader  
Michigan House of Representatives  
P.O. Box 30014  
Lansing, MI 48909

**The Honorable Jim Ananich**  
Minority Leader  
Michigan Senate  
P.O. Box 30014  
Lansing, MI 48909

RE: House Bill 4829 – “Universal Withholding” for 22 Michigan Municipalities Imposing Income Tax

Dear Legislative Leaders:

Thank you in advance for considering legislation to augment city income tax collections for all 22 Michigan municipalities that impose such levy. Specifically, the simple change to the City Income Tax Act (**Public Act 284 of 1964**) that we seek would prescribe “**universal withholding**” – a requirement for all employers with payrolls over \$500,000 and ten or more employees to withhold applicable city income taxes for the municipality where their employees reside. Withholding is the most effective mechanism for income tax payments. Experience data show the city income tax collection rate is roughly 98 percent among taxpayers who are subject to withholding. Federal and state agencies have similar experience data.

As you know, the current version of HB4829 only applies to the City of Detroit. You should know that nearly all mayors, managers and chief financial officers of the other 21 municipalities agree that “universal withholding” will enhance their respective city’s collection of this vital revenue stream and will provide millions in sorely needed revenue for our municipalities’ policing, fire protection and other basic facilities. The Michigan Department of Treasury endorses the effort, as well. **Thus, I support amending bill HB4829 to apply to all income tax-levying cities in Michigan.**

The proposed amendments to CITA would affect only 22 jurisdictions and is important to emphasize that this effort would **not increase tax rates**. Rather, it only seeks to collect monies owed by residents who benefit from their respective city’s services.

We are working to get the amended HB4829 passed in February and respectfully ask that you all expeditiously advance this bill through the political process. Should you have question about any of the latter, please contact me as soon as possible at (810) 984-4684.

Sincerely,

Pauline M. Repp

Mayor

[reppp@porthuron.org](mailto:reppp@porthuron.org)

cc: Members of the House and Senate Local Government Committees  
Members of the House and Senate Government Operations Committees  
Members of the House Tax Policy Committee  
Members of the Senate Finance Committee

*Maritime Capital of the Great Lakes®*

**City of Port Huron, Michigan**  
**RES #16-012**

*Resolution encouraging the Michigan Legislature and Governor Snyder to support an amendment to House Bill 4829 which would require employers with payrolls over \$500,000 and ten or more employees to withhold applicable city income taxes from their employees regardless of where the employer is located or where they are doing business in the state. The bill in its current form only applies to the City of Detroit.*

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WHEREAS, at the time of enacting the City Income Tax Act (*Public Act 284 of 1964*) (CITA), a substantial majority of residents worked within their own city limits; however, demographic and census data show a substantial majority of residents of income tax-levying cities now work outside their home city; and

WHEREAS, CITA does not require employers situated outside of income tax-levying cities to withhold local tax from the paychecks of their employees who live in those cities and remit said resources to the jurisdictions; and

WHEREAS, withholding is the most effective mechanism for income tax payments and data shows the city income tax collection rate is about 98 percent among taxpayers who are subject to withholding with federal and state agencies having similar experience data; and

WHEREAS, employers can help their employees to pay taxes through their withholding and residents working outside our respective municipalities often fail to file income tax returns because they cannot pay the lump sum tax owed at the end of the year; and

WHEREAS, employees would benefit from their employer withholding directly so they do not become delinquent and incur added penalty and interest; and

WHEREAS, nearly all leaders of the 22 Michigan cities that levy an income tax agree that employers with annual payrolls of over \$500,000 and 10 or more employees should be required to withhold local income tax for employees residing in jurisdictions imposing a tax; and

WHEREAS, the proposed changes to state law would not raise income tax rates in any of the 22 cities with such a levy, but, rather, only seek to enhance overall collections and yield the locals' payment for services from residents who used them; and

WHEREAS, the proposed amendment to CITA would provide millions in additional income tax money for cities to expend on basic city services, including police and fire protection; and

WHEREAS, the Michigan Department of Treasury supports this public policy endeavor, as does the Michigan Municipal League;

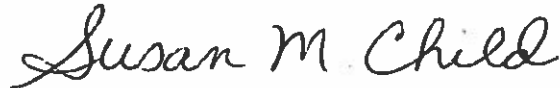
NOW, THEREFORE, BE IT RESOLVED that the Port Huron City Council respectfully asks the Michigan Legislature to pass an amended HB4829 to help all income tax-levying cities augment their collection rates; and

BE IT FURTHER RESOLVED that the Port Huron City Council respectfully requests Governor Rick Snyder to expeditiously approve said legislation once it is presented to him for his signature into law; and

BE IT FURTHER RESOLVED that a copy of this resolution be sent to Governor Snyder, legislative caucus leaders, members of the House and Senate Local Government committees, members of the House and Senate Government Operations committees; members of the House Tax Policy Committee and members of the Senate Finance Committee.

<b>RESULT:</b>	<b>ADOPTED [6 TO 1]</b>
<b>MOVER:</b>	Anita R. Ashford, Councilmember
<b>SECONDER:</b>	Ken D. Harris, Councilmember
<b>YES:</b>	Repp, Archibald, Amos, Ashford, Harris, Ruiz
<b>NO:</b>	Lewandowski

*I hereby certify that the above is a true and correct copy of a resolution adopted by the Port Huron City Council at the regular meeting of Monday, January 25, 2016.*



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Susan M. Child, CMC  
City Clerk

